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Report Highlights:

Revisions have been made in broiler and egg production for 2001 and new estimates for 2002. Trade data has also been updated, but exports by country of destination are not yet available. 2001 was considered the "best year ever" for Brazil's poultry industry.

Includes PSD changes: Yes
Includes Trade Matrix: No
Semi-Annual Report
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Executive Summary

2001 was the best year for the Brazilian poultry industry: all-time records in production, exports, and profit margins. Our trade sources are optimistic about 2002, but cautious about any significant increase in production and exports. Profit margins are likely to be lower than last year due to an expected increase in the cost of production.

Commodity Outlook, Broiler

Production

Post revised the PS&D table for broilers to reflect new production data for 2001 and our new estimate for 2002. Broiler production in 2001 is now estimated at 6.580 million metric tons, up 10 percent from the previous year. According to our trade sources, the increase in broiler production last year was based on the following factors: a) record exports; b) devaluation of the Brazilian currency; c) increase in the average slaughter weight; d) lower cost of production, which increased producers' margins; e) improved productive capacity of the major broiler packers, and f) maturing of new investments in production capacity in the Center-South regions of the country. Trade sources also reported that the Irish Group Moy Park has purchased the sixth largest Brazilian broiler processor known by its brand "Pena Branca".

Broiler production is expected to continue to increase in 2002, but at a slower rate of approximately 7 percent. The same factors mentioned above are likely to contribute to increased production, except for higher production costs because of lower corn production in Brazil this year. Profit margins are expected to be lower in 2002.

Trade

In 2001, total volume of broiler meat (whole and parts) exported during Jan-Nov 2001 reached 1.1 million metric tons, up 35 percent from the same period in 2000, while the total value exported reached US\$1.2 billion, up 58 percent. The average export price of US\$1,041 per metric ton reflected a 17 percent increase compared to the same period in 2000. According to the Brazilian Poultry Exporters Association (ABEF), the total volume of broiler meat

exported in 2001 reached 1.249 million metric tons, an all time record.

Our trade contacts reported that exports in 2001 were up due to the following factors: a) devaluation of the Brazilian currency, mostly during the second half of 2001, which reached a peak of R\$2.83, but closed the year at R\$2.30; and, b) significant increase in whole broiler exports to Russia (up 452 percent), Cuba (up 232 percent), and exports of broiler parts to the European Union (up 82 percent). Exports to other traditional markets in Asia and Middle East also increased, but at lower rates. Exports to Argentina declined by nearly 50 percent in 2001. Export data for poultry by country of destination for 2001 is not yet available.

Trade sources forecast broiler exports to increase by 15 percent in 2002 and reach 1.430 million metric tons. These estimates are based on firm demand from the European Union and Russia, and exports to new markets, mostly in Eastern Europe, China, and Africa. Brazilian poultry exporters are also working with an estimated exchange rate between US\$2.45 and US\$2.60 for 2002, which should maintain their competitiveness in world markets, despite higher production costs estimated for this year.

Policy

The recent events in Argentina may delay Brazil's request to open a panel in the WTO against Argentina's minimum import price. The two countries remain without an agreement on this issue, and Brazilian exporters claim that their losses in poultry exports to Argentina in 2001 reached US\$50 million.

Brazil and Canada are working on a poultry inspection reciprocity agreement.

Commodity Outlook, Turkey

Production/Trade

Production in 2002 could be slightly higher than previously forecast due to the approval by the National Bank for Social and Economic Development (BNDES) of R\$57 million (about US\$24 million) for the PERDIGAO company to increase its production capacity for turkey. According to a PERDIGAO source, the company's goal is to reach 10 percent of the Brazilian turkey market in 2002/03, while SADIA will drop its market share to 85 percent, and the French Doux-Frangosul will have the remaining market share of 5 percent.

Exports in 2001 reached approximately 65,000 metric tons, up 55 percent from 2000, due to higher demand for turkey parts from the European Union and the competitiveness of Brazilian products because of the devaluation of the Real relative to the U.S. dollar. Exports are expected to increase in 2002 due to firm demand from the European Union.

Commodity Outlook, Eggs

Production

Post revised the PS&D for eggs to reflect new data obtained from trade sources for production last year, and our new estimates for 2002. Egg production in 2001 increased above our previous estimates due to higher demand from the

HRI sector.

PSD Table, Poultry Meat, Total

PSD Table						
Country	Brazil					
Commodity	Poultry, Meat, Total				(1000 MT)(MIL HEAD)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	150	150	170	170	146	196
Production	6117	6117	6445	6745	6835	7215
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	6267	6267	6615	6915	6981	7411
Whole, Exports	473	473	542	582	688	653
Parts, Exports	476	476	673	732	892	847
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	949	949	1215	1314	1580	1500
Human Consumption	5148	5148	5254	5405	5365	5791
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	5148	5148	5254	5405	5365	5791
TOTAL Use	6097	6097	6469	6719	6945	7291
Ending Stocks	170	170	146	196	36	120
TOTAL DISTRIBUTION	6267	6267	6615	6915	6981	7411
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

PSD Table, Poultry Meat, Chicken - 16 wks

PSD Table						
Country	Brazil					
Commodity	Plty, Meat, Chicken -16 wks				(1000 MT)(MIL HEAD)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Inventory (Reference)	30	30	31	31	0	31
Slaughter (Reference)	3342	3342	3509	3509	0	3685
Beginning Stocks	150	150	170	170	146	196
Production	5980	5980	6280	6580	6610	7040
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	6130	6130	6450	6750	6756	7236
Whole, Exports	470	471	540	580	640	650
Parts, Exports	445	436	610	669	720	780
Intra EC Exports	0	0	0	0	0	0
Other Exports	9	0	10	0	12	0
TOTAL Exports	915	907	1150	1249	1360	1430
Human Consumption	5045	5053	5154	5305	5260	5686
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	5045	5053	5154	5305	5260	5686
TOTAL Use	5960	5960	6304	6554	6620	7116
Ending Stocks	170	170	146	196	136	120
TOTAL DISTRIBUTION	6130	6130	6450	6750	6756	7236
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

PSD Table, Poultry Meat, Turkey

PSD Table						
Country	Brazil					
Commodity	Poultry, Meat, Turkey				(1000 MT)(MIL HEAD)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	137	137	165	165	175	175
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	137	137	165	165	175	175
Whole, Exports	2	2	2	2	3	3
Parts, Exports	42	40	66	63	72	67
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	44	42	68	65	75	70
Human Consumption	93	95	97	100	100	105
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	93	95	97	100	100	105
TOTAL Use	137	137	165	165	175	175
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	137	137	165	165	175	175
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

PSD Table, Poultry Meat, Eggs

PSD Table						
Country	Brazil					
Commodity	Poultry, Eggs				(MIL HEAD)(MIL PCS)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Layers	61	61	61	62	62	62
Beginning Stocks	0	0	0	0	0	0
Production	14796	14796	15075	15276	15377	15735
Hatch Eggs, Imports	0	0	0	0	0	0
Shell Eggs, Imports	6	6	5	5	3	3
Other Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
TOTAL Imports	6	6	5	5	3	3
TOTAL SUPPLY	14802	14802	15080	15281	15380	15738
Hatch Eggs, Exports	0	0	0	0	0	0
Shell Eggs, Exports	267	267	438	438	657	657
Other Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
TOTAL Exports	267	267	438	438	657	657
Hatch Eggs, Consumption	0	0	0	0	0	0
Shell Eggs, Human	14535	14535	14642	14843	14723	15081
Shell Eggs, OT Use/Loss	0	0	0	0	0	0
Other Dom. Consumption	0	0	0	0	0	0
Total Dom. Consumption	14535	14535	14642	14843	14723	15081
TOTAL Use	14802	14802	15080	15281	15380	15738
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	14802	14802	15080	15281	15380	15738
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0